IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD

(Special Original Jurisdiction)

MONDAY, THE SEVENTH DAY OF MARCH
TWO THOUSAND AND FIVE

PRESENT

THE HON'BLE MR JUSTICE K.C. BHANU

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WRIT PETITION NO : 20866 of 2004

Between:

S. Lakshmi Devi, W/o. S. Janaki Ramaiah,
R/o. Naidupeta Village and Mandal, Nellore District.

..... PETITIONER

AND

1 A.P. State Financial Corporation, rep. by its Vice Chairman and Managing Director, Hyderabad.
2 The Branch Manager, A.P.S.F.Corporation, Nellore Branch, Nellore District.

.....RESPONDENTS

Petition under Article 226 of the constitution of India praying that in the circumstances stated in the Affidavit filed herein the High Court will be pleased to Issue a writ of Mandamus or any other appropriate writ or direction declaring the action of the respondents in treating the petitioner as defaulter and proceeding to sell the primary security Hotel Ganesh Delux Situated at RTC Bus Stand, Naidupet under section 29 of State Financial Corporation Act even before the loan period is expired as illegal and arbitrary and direct the respondents not take action for recovery of the outstanding amount under section 29 of S.F.C.Act and further direct the respondents re-schedule the out standing loan amount by granting reasonable time.

Counsel for the Petitioner:MR.P.GANGA RAMI REDDY

Counsel for the Respondents: MR.Y.N.LOHITA, Standing Counsel for APSFC

The Court at the stage of admission made the following ORDER:

This writ petition is filed by the petitioner questioning the action of the respondents in treating her as a defaulter and proceeding to sell the primary security Hotel Ganesh Delux situated near RTC Bus Stand, Naidupet, Nellore District, under Section 29 of the Andhra Pradesh State Finance Corporation Act (for short "the Act") even before expiry of the period of repayment of loan amount.

The respondents Corporation issued a notice dated
09-09-2004 to the petitioner informing that they would proceed jointly and severally for the recovery of the outstanding or the shortfall as the case may be under the provisions of the Act and therefore, she was directed to appear and pay the amounts on or before 17-09-2004. Challenging the said action, the petitioner moved this Court by way of present writ petition.

Admittedly, the petitioner committed default in the repayment of loan amount. The only ground taken in the writ petition is that before taking any action under Section 29 of the Act, the respondents have to see whether the borrower had an intention to repay the loan amount or not.

When the petitioner committed default in repayment of loan, the respondents are at liberty to proceed under the provisions of Section 29 of the Act. Since the action of the respondents is not contrary to the provisions of the Act, the writ petition is devoid of merit and it is liable to be dismissed.

The writ petition is accordingly dismissed. There shall be no order as to costs.

(K.C.BHANU, J)

7th MARCH, 2005.

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To

1 The Vice Chairman and Managing Director, A.P. State Financial Corporation, Hyderabad.
2 The Branch Manager, A.P.S.F. Corporation, Nellore Branch, Nellore District.

3 Two CD copies.